



Office of the Mayor

NEWS RELEASE

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City works aggressively to market retail opportunities

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Jimmy John's opened three outlets in South Bend and Texas Roadhouse decided to build a new south-side restaurant in Erskine Commons thanks to data on South Bend's retail potential compiled by a market-research firm.

And city officials took steps Tuesday (May 1, 2007) to ensure that local developers and real-estate agents have the most current customer-behavior data and market research to help them attract more new retail business to South Bend.

In advance of the May 20-23 spring convention in Las Vegas of the International Council of Shopping Centers, city officials met with about two dozen real-estate agents, developers and downtown advocates Tuesday at Downtown South Bend's offices. Many of the participants plan to attend the tradeshow, an "annual carnival of deal-making" for major retailers making decisions about where to open new stores. Between 25 and 35 percent of all shopping center leases are signed or conceived at the gathering, according to the ICSC.

"We'd like to have you make successful trips to Las Vegas ... and to bring back more retailers to the South Bend area," said Bill Schalliol, an economic development planner with the City of South Bend. Schalliol has represented the city at the last several shows in the hopes of luring retailers to South Bend sites. "By getting this information to you, we hope we can make some of that happen."

The strategy grows out of Mayor Stephen J. Luecke's commitment four years ago that economic development would be the top priority of his third term as mayor. And that commitment has been put into a focused retail approach by a reoriented Department of Community and Economic Development.

Organizations represented included Prudential One Realty, CB Richard Ellis, FM Stone Commercial, Grubb & Ellis|Cressy & Everett and the Small Business Development Corp.

Schalliol armed the agents and developers with a CD full of market data, maps, demographics and customized marketing packages for 20 specific retailers, which research has indicated have excellent opportunities in South Bend. Those retailers include booksellers like Barnes & Noble and The Book Rack; restaurants like Bennigan's, Cracker Barrel, Old Chicago and Olive Garden; and others like Dillard's department store, The Sports Authority and Walgreen's.

The data was unearthed by Buxton Co., a market research firm that received a \$60,000 city contract to perform the kind of data mining that retailers consider essential to making decisions about expansion sites.

Using this data, Jimmy John's added new stores downtown and in Erskine Village to join its existing outlet at Ironwood Road and South Bend Avenue. And this spring, Texas Roadhouse is breaking ground on a \$1 million to \$1.5 million new restaurant next to Lowe's in Erskine Commons.

"The city is seeing just with Texas Roadhouse a quality return on investment," said Schalliol, who has scheduled meetings with other retailers at the Las Vegas show. "My hope is to really spend some time with companies like Sports Authority and a couple of others to show how South Bend would be a great first market for their chain."

Joining Schalliol in the presentation at DTSB Matthew P. Montgomery, an assistant vice president with Buxton, who provided illustrations of how developers and real-estate agents can use the research made available to them by the city.

Buxton produced data that allowed the city to "factually identify which ... specific retail and restaurant concepts should be in your community," Montgomery said. While retail decisions once were made on population numbers alone, more companies are looking at specific data of consumer behavior that can project numbers of their kind of customers.

For example, cities of 100,000 and 30,000 may end up with roughly the same number of prospects for a Ben and Jerry's store, simply because a greater concentration of customers matching the Ben and Jerry's profile live in the smaller community.

For South Bend, Buxton examined four specific retail locations:

- Western Avenue and Lombardy Drive.
- Lincolnway West and Bendix Drive.
- Jefferson Boulevard and Michigan Street (downtown).
- Indiana Avenue and Michigan Street.

Near the downtown area, for example, the research has demonstrated a \$2.4 billion retail potential among 177,217 residents within a 10-minute drive time. The findings uncovered a high concentration of three specific customer segments out of the 66 used by marketers nationwide. They include:

- "Bright Lights, Li'l City" – Middle-aged couples who are college-educated professionals with no children. This segment shows a higher likelihood to shop at J. Crew, own or lease a BMW, eat at Chevy's Mexican restaurant or buy men's shirts

costing \$100 or more.

- “Up-and-Comers” – Recent college graduates and singles in their 20s who enjoy athletic activities and nightlife. This segment is more likely than others to go snowboarding, drink Bud Light, own MP3 players and order pizza from Papa John’s.
- “Middleburg Managers” – Singles and couples, age 55 and up, who have solid managerial jobs, own older homes, enjoy reading and playing musical instruments, and garden indoors or refinish furniture. This segment is more likely to eat at Steak & Ale, do needlepoint, watch the Golf Channel or buy women’s skirts costing \$100 or more.

“One of the goals Bill has is to arm you all with information so you can have more intelligent conversations with retail representatives,” Montgomery said.

As an illustration, Schalliol described the success of South Bend’s south-side retail development. In August 2003 demolition began on the former Scottsdale Mall – two days after the 30th anniversary of the mall’s opening.

In 2005 and 2006 alone, the area saw \$39 million in new investment and the addition of 763,040 square feet of retail and commercial space, which Schalliol described as “13 football fields of new development.” The former Scottsdale Mall had only 725,000 square feet.

“This is a great comeback for South Bend on the retail scene and we expect continued growth,” Luecke said in his 2007 State of the City address.

“We expect to at least build another 100,000 square feet yet this year,” Schalliol said.

“We have some room for growth, but we really have made big strides in this area. ... It’s amazing what five years can do to an area with concerted work and direction.”